Complementary Summary of Q1 2017 Financial Results

This complementary summary of financial results will include forward-looking statements subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied. For a more detailed description of the risks that impact these forward-looking statements, please refer to the information in our press release today, in the Omnicell annual report on Form 10-K filed with the SEC on February 28, 2017, and in other more recent reports filed with the SEC. Please be aware that you should not place undue reliance on any forward-looking statements made today.

We will first provide an update on our business, and then cover our results for the first quarter of 2017 and our guidance for the year. Our first quarter financial results are as usual included in our earnings announcement which was released earlier today and is posted in the "Investor Relations" section of our website at omnicell.com.

We are excited to review our first quarter results as well as our progress on the XT Series Automated Dispensing System introduction.

Following the announcement at ASHP in December last year of the new XT Series we received great responses and have had good momentum among both existing and new customers.

We want to summarize our progress in 3 specific areas:

1) We are <u>winning in the market place</u> across Omnicell's comprehensive medication management platform.
2) We have good traction on XT with strong customer interest, and the XT Series is received with enthusiasm by new customers and by existing customers looking to add XT to their medication management platform.
3) We made great progress on conversion of G4, our older series, and AcuDose-Rx® quotes and backlog to XT.

First, it's clear that we are winning in the market place:

- During the first quarter we had a strong New and Competitive conversions rate of 33% of bookings. This is a great indicator of the strength of the business. Around 75% of those were competitive conversions and the remainder were from Greenfield customers who had never automated before. We believe that these new account wins combined with our installed customer base gives us a robust platform for future growth driven by expansion, replacement, and upgrade sales as well as cross selling opportunities across our product portfolio.
- Our first quarter bookings are ahead of our internal Plan.

Second, the XT Series is received with enthusiasm by new and existing customers:

- As of last week we have delivered the XT Series product to approximately 175 sites, and the XT Series is live at over 50 sites. Both numbers are growing every day.
- Both our internal and external surveys show very strong positive customer feedback. One of the top benefits of XT according to users was the increased speed of the XT Series, the reduction in time in the workflow is returning significant time to nurses. Of course about 40% of nursing time is spent on medication management, so you can see why this time savings is significant. A leading medical center in the United States recently commented that XT is a night and day experience compared to their last system from another vendor. Everyone loves the extra capacity, the large screen, the intuitive and clean design, and the ability to authenticate users in and out of the system very quickly. These benefits have created much better workflows for their users.

Third, we are progressing well on the conversion of G4 and AcuDose-Rx quotes and backlog, and are ramping up the XT Series Revenue, specifically:

- We have converted the vast majority of all G4 and AcuDose-Rx quotes and year-end backlog to XT Bookings and Backlog. There is a portion of the G4 and AcuDose-Rx backlog that won't convert as those customers have chosen to complete their installations with G4 or AcuDose-Rx.
- Customers in our year-end backlog and pipeline saw G4 first and prepared for a G4 installation. While we have redirected these customers to the benefits of XT and removed supply chain and paperwork issues, we assumed that these customers would move

through the process as quickly as they did with G4 frames. However, we have learned that customers want additional time to maximize their XT deployments – especially with respect to optimizing their use of XT's additional capacity, configurations, and feature benefits.

- As a result of our expected conversion of our G4 and AcuDose-Rx bookings in Backlog to XT bookings, and the XT manufacturing and installation ramp up we have anticipated 2 quarters or 6 months of transition disruption starting from December last year through April. While the conversion has improved and continues to improve we now do see some continued residual impact of these dynamics through the second quarter, i.e. through June.
- Out of the total ADC Frame revenue we are expecting the percentage of XT Series Frame revenue to increase from around 25% in the first quarter, to over 40% XT revenue in the second quarter, to around 75% in the third quarter, and over 90% in the fourth quarter. We will report this metric during the quarterly earnings calls this year to demonstrate the execution of the XT Series roll out and adoption.

For the first quarter, Non-GAAP revenue was $151 million within the guidance range provided in our fourth quarter results earnings call and essentially at consensus.

Combined with good cost management and tax favorability non-GAAP EPS was $0.06, above our guidance range and above consensus.

In the last number of years we have successfully grown the business by implementing three scalable growth strategies:

1) Growth through the Differentiated Omnicell Platform
2) Growth in New Markets
3) Growth via Acquisitions

For 11 consecutive years we have received the top honors from KLAS, the prestigious third party rating organization. For 12 consecutive years we have increased our market share and gained new thought leader customers every quarter and in almost every significant geography. Together with our customers, we are consistently delivering state of the art medication management automation and workflow efficiency for caregivers and better healthcare outcomes for patients.

In 2017 we continued to experience great wins and added notable customers to our Omnicell family under the first strategic pillar of Differentiated Platform. With several large competitive conversions we estimated that we gained further market share in the first quarter of 2017, a continuation of the market share gain trend and momentum we have experienced for many years. In the first quarter we had some great wins with prominent new customers, as well as significant deals with existing customers including:

- Mercy Health Ohio
- Saint Luke's Health System
- North Memorial Health

Mercy Health Ohio, a 23-hospital healthcare system serving Ohio and Kentucky, has selected the Company's automated medication dispensing solutions, including the new XT Series, to be installed across their facilities. As one of the largest health systems in the U.S., serving approximately 6 million patients each year, Mercy was looking for a vendor partner with technology that would streamline workflows and increase integration between the facilities.

Saint Luke's Health System, a not-for-profit healthcare system based in Kansas City, MO, will incorporate the Omnicell® Performance Center™, an integrated software and services offering to drive improved pharmacy operations and reduce costs. Saint Luke's Health System will incorporate Omnicell's technology for its automated dispensing cabinets, anesthesia workstations, central pharmacy technologies, and diversion detection software.

Minneapolis-based North Memorial Health has selected multiple medication management and analytics solutions for both North Memorial Health Hospital and Maple Grove Hospital, reinforcing their commitment to patient safety, while enabling each hospital to more efficiently manage medications. North Memorial is implementing Omnicell solutions across its facilities. Products include automated carousels and controlled substance management system, Omnicell XT Automated Dispensing System with Anywhere RN™, XT Anesthesia Workstation and Epic interoperability. With a focus on improving safety, North Memorial also selected Omnicell Analytics to gain insights into potential drug diversion activity.

These strategic wins in the market place are being driven by the strength of our overall portfolio and differentiated platform.

Our second strategic pillar of expanding into new markets also fueled growth in the last several years and we believe sets us up well for growth in the coming years.

Internationally, in the largest single deal for Omnicell's IV robots outside of the United States, Invotek, our distributor for Turkey, has purchased a sizable number of Omnicell's i.v.STATION ONCO™ and i.v.STATION™ robots. These robots are set to be installed in various hospitals providing safe, accurate and efficient IV preparation.

CompleteRx, a leading independent provider of pharmacy management and consulting services to health systems across the country, has selected Omnicell XT Series solutions to support behavior health facilities in Massachusetts. Having previously implemented Omnicell's adherence solutions, CompleteRx looked to Omnicell to provide the latest technology, quality service and long-term products for medication automation.

Our <u>third</u> strategic pillar, of expanding our presence and relevance through <u>Acquisitions</u>, has also continued to deliver great results. The Aesynt integration is progressing well:

- The product portfolio integration is ahead of schedule with the market introduction of AcuDose-Rx on XT announced earlier this week, and that means that current AcuDose-Rx customers can add XT equipment directly onto their system without making modifications.
- The cost synergies are as expected. Already we are seeing good cross selling momentum within the total product portfolio and combined customer base specifically for our IV and Performance Center Solutions.

In April we completed the acquisition of InPharmics. InPharmics currently serves more than 150 hospitals with tools that analyze drug cost by patient diagnosis, thereby supporting the pharmacy's clinical activities while helping to optimize supply chain performance and comply with drug pedigree regulations. The InPharmics® solution adds clinical and compliance analytics to our Performance Center offering, positioning Omnicell as the partner of choice for health systems looking to drive improvement across all facets of medication management.

We believe our hard work over the years and the execution of our three-leg strategy laid the foundation for our success historically, and sets us up for continued future growth and scale. In today's evolving healthcare environment, we remain focused on our mission to change the practice of healthcare with solutions that improve patient and provider outcomes.

Financial Performance

Our first quarter 2017 GAAP revenue of $151 million was down 12% from the same quarter last year and down 12.5% sequentially driven by the product transition and related ramp up of the XT Series product launch. As mentioned earlier the announcement of the Omnicell XT Series does result in some disruption for 2 quarters which we see continuing through the second quarter.

Earnings per share in accordance with GAAP were a loss of $0.29, which is down from a GAAP loss of $0.01 in the first quarter of 2016. GAAP Gross margin was at 43% for the quarter.

In addition to GAAP financial results, we report our results on a non-GAAP basis which excludes stock compensation expense and amortization of intangible assets associated with acquisitions, one-time acquisition related expenses, and the acquisition accounting impacts related to deferred revenue, inventory fair value adjustments, and severance and other expenses related to restructuring. We use non-GAAP financial statements in addition to GAAP financial statements because we believe it is useful for investors to understand acquisition amortization related costs and non-cash stock compensation expenses that are a component of our reported results, as well as one-time events such as the gain on Avantec investment in 2Q15 and one-time acquisition related expenses. A full reconciliation of our GAAP to non-GAAP results is included in our first quarter earnings press release and is posted on our web site.

Our first quarter 2017 non-GAAP revenues of $151 million were down 13% from the same quarter last year and down 13.6% sequentially driven by the XT Series market introduction and revenue ramp up.

On a Non-GAAP basis, earnings per share were $0.06 in the first quarter of 2017 above consensus and above our guidance range, down $0.29 from the same quarter last year, and down $0.31 sequentially.

Non-GAAP gross margin was 46.4% in the first quarter and we expect gross margin to steadily increase through the year as the XT Series rollout ramps up and we get scale efficiencies in manufacturing and installation cost. The first quarter gross margin was also impacted by cost to expedite shipments of XT products to customers.

Non-GAAP Adjusted EBITDA was $4.3 million for the first quarter of 2017.

Our business is also reported in segments, consisting of Automation and Analytics and Medication Adherence. Automation and Analytics consists of our G4, AcuDose-Rx, earlier-generation, and XT Automated Dispensing Cabinets, Anesthesia Workstations, Central Pharmacy, Omnicell Supply, Omnicell Analytics and MACH4 robotic dispensing systems. Our acquisitions of Avantec, MACH4, and Aesynt are also included in this segment. The Medication Adherence segment consists of all adherence package consumables, which are now branded SureMed®, and equipment used by pharmacists to create adherence packages. Our acquisitions of MTS Medication Technologies, Surgichem Ltd, and Ateb Inc are included in the Medication Adherence segment. As a reminder, we report certain corporate expenses that cannot be easily applied to either segment separately.

On a segment basis, our Automation and Analytics segment contributed $124 million in GAAP revenue in the first quarter of 2017, down from $149 million in the first quarter of 2016, driven by the start of the XT Series launch. $5 million of GAAP operating income this quarter compares to a $20 million GAAP operating income for the same quarter last year. A $14 million non-GAAP operating profit compares to $34 million last year.

The Medication Adherence segment contributed $26 million of GAAP revenue to the quarter, compared to $22 million in the first quarter of 2016. GAAP operating loss of $2 million compares to a $3 million GAAP operating profit a year ago. Non-GAAP operating income was $1 million in the first quarter compared to $4 million of Non-GAAP operating income a year ago.

Non-GAAP Common expenses were $16 million compared to $17.6 million in the first quarter of 2016.

Non-GAAP operating margin was around break even for the first quarter, including Aesynt and Ateb integration cost. Excluding the Aesynt and Ateb integration costs of approximately $2.7 million in the quarter, the Non-GAAP operating margin was around 1.3% for the first quarter.

In the first quarter of 2017 our cash decreased from $54 million to $46 million after paying down our term loan and revolving debt by $40 million in the quarter. The first quarter 2017 cash flow from operations of $28 million was strong and driven by strong accounts receivable collections and an increase in AP, and deferred revenue, partially offset by an inventory build-up of XT for future quarter installs. As of March 31, 2017 we had $220 million of outstanding funded debt, and our loan leverage measured as outstanding total funded loan balance over LTM of EBITDA was 2.5.

Accounts receivable days sales outstanding for were 82 for the first quarter, up 1 day from the fourth quarter despite lower sequential sales. For context our standard customer agreements specify that for equipment sales the company invoices 100% of the contract value at shipment date. We review the collectability of our receivables regularly and we do not believe the fluctuations in DSO are indicative of a change in our rate of bad debt.

Inventories at March 31, 2017 were $76 million and are up $7 million from last quarter driven by an inventory build for future quarter installs. Our headcount was 2,361, down from 2,444 per year end driven by the reduction in force (RIF) action we executed in the first quarter.

During the first quarter we executed well on a number of drivers underpinning the dynamics of the XT Series product introduction:

- We have converted the vast majority of all G4 and AcuDose-Rx quotes and year-end backlog to XT quotes, Bookings and Backlog.
- We have ramped up manufacturing for the XT Series after adding a second shift.
- As of last week we have delivered XT Series to approximately 175 sites and the XT Series is live at over 50 sites. Both numbers are growing every day.
- We executed on cost actions including a 100-position RIF and general hiring delays. The majority of the reduction in force over various locations was completed in the first quarter of 2017 and enables the creation of the Centers of Excellence and also enables us to achieve the cost synergies contemplated in the acquisition of Aesynt.
- As part of the next phase of the integration of the acquisition of Aesynt we are progressing well on the creation of the following Centers of Excellence (COEs) for product development, engineering, and manufacturing:
    - Point of Use COE in California
    - Robotics and Central Pharmacy COE in Pittsburgh, Pennsylvania
    - Medication Adherence Consumables COE in St. Petersburg Florida

Revenue and Profit Guidance

The second through fourth quarters of 2017 dynamics are expected to be as follows:

- AcuDose-Rx on XT launch, which we announced last week. This product launch allows the full Aesynt customer base to benefit from the XT Series product advantages while continuing to use their existing AcuDose-Rx software.
- Improved XT production cost
- Accelerating Bookings growth
- Accelerating organic Revenue growth

During the second through fourth quarters of 2017 we are taking the following actions:

- XT COGS reductions as revenue ramps
- Continued cost control
- Implementing the development and manufacturing Centers of Excellence or COEs

Although the first quarter bookings were ahead of our internal Plan, we do see some continued disruption impact on revenue of the ramp up of the XT Series product introduction in the full second quarter. We do believe that there will be a partial catch up of these customer deployment and configuration installation timing delays on revenue in the second half of the year but not a full catch up.

As a result for the second quarter of 2017 we expect Non-GAAP revenue to be between $172 million and $178 million. We expect the 2Q17 Non-GAAP earnings to be between $0.21 and $0.27 per share.

As discussed in previous Earnings Calls, it’s important to note that from time to time installation completion timing on specifically bigger projects can impact revenue and earnings in a given quarter, but we don’t expect such quarterly fluctuations to impact the growth rate measured over multiple quarters.

For the second half of 2017 we expect total Non-GAAP revenue to be between $395 million and $415 million, representing an approximate12% organic revenue growth rate when using the midpoint. For the second half of 2017 we expect total Non-GAAP earnings to be between $0.95 and $1.05 per share, representing a $2 per share Non-GAAP EPS run-rate when annualizing the second half of 2017 using the midpoint of the guidance range.

Although the first quarter bookings were ahead of the internal Plan at this time we are not updating our product bookings guidance, and we continue to expect the 2017 product bookings to be between $570 and $590 million.

We expect Non-GAAP revenue to be between $720 and $740 million in 2017. We expect 2017 Non-GAAP earnings to be between $1.22 and $1.34 per share as we are offsetting part of the lower guided revenue range with cost actions and efficiencies.

We expect Non-GAAP operating margins for 2017 to be approximately 10%, including integration cost for Aesynt and Ateb. Excluding the integration cost for the Aesynt and Ateb acquisitions we expect non-GAAP operating margin for 2017 to be between 11.0% and 11.5%. Given the ramp up of XT Series revenue and profitability through the year in 2017 described earlier we expect the Non-GAAP operating margin for the fourth quarter in 2017 including integration cost for Aesynt and Ateb to be at approximately 15% to 16%, in line with our long-term financial model. Excluding the integration cost for Aesynt and Ateb we expect the Non-GAAP operating margin for the fourth quarter in 2017 to be above 16%.

When reviewing 2017 it is important to note a couple of items included in the 2017 guidance:

1) For 2017 our non-GAAP expected results include approximately $12 million of integration costs for Aesynt and Ateb that we do not adjust for based on our Non-GAAP Policy. These integration costs directly impacting non-GAAP Operating margins and Non-GAAP EPS mostly consist of:
    a. integration related IT expenses
    b. integration team and project cost
    c. cost related to the implementation of Sarbanes Oxley
    d. cost related to tax restructuring
    e. accelerated product development integration cost
2) In 2017 we are expecting second year cost synergies of around $10 million. As we have demonstrated in the past we are confident to achieve our 15% Non-GAAP Operating Margin target over time after integrating the acquired business and getting full benefit of the scale of the combined business.
3) Lastly, for 2017 we expect interest expense related to the Senior Secured Credit Facility used to finance the Aesynt and Ateb acquisitions to be around $7 million or equivalent to a Non-GAAP EPS headwind of around $0.11.

Finally, we are assuming an annual average effective tax rate of 35% on GAAP earnings on a combined basis.

Conclusion

In quick summary, we continue to win in the market place. And I want to make it clear that we talk a lot about XT, but as we approach our customers we're not just talking about the difference that XT makes—we're talking about our entire platform. As we've seen, the cost of pharmacy operations for providers has grown substantially over the last few years, and some years have seen double-digit growth. In fact these costs are growing more than any other item in the provider network. We've seen pharmacy medication management move from more of a tactical concern to a strategic approach for these facilities.

So when we meet with a new or existing customer, we talk about a strategy over the next four to five years to take that customer and digitize all of their manual processes and then rationalize our offerings like the Performance Center and also address areas of automation like IV which represent significant costs for the institution. And of course XT is part of the discussion—a big part of the platform. But the conversations that we're having are very strategic, they're very long-term oriented, and they're about optimizing the movement of drugs across a multiplicity of sites and the whole continuum of care. Many of these provider networks are having their own insurance program for their employees as a test of population health, which dovetails right in with our medication adherence product offering. So we have this total broad-based solution set that resonates with where these provider networks are and where they're going. Of course XT is the big financial piece that we talk a lot about, but the whole platform has become a strategic sale that impacts customers for the long term. We're really excited as we bring this broad platform—now expanded through the addition of Aesynt solutions and products like the XT Series—to really change the discussion. As we move forward it's why we're winning in the market place.

2017 Guidance

	2Q17	3Q17 through 4Q17	Total Year 2017
Bookings	Not disclosed	>20% growth year over year	$570M - $590M
Non-GAAP Revenue	$172M - $178M	$395M - $415M	$720M - $740M
Non-GAAP EPS	$0.21 - $0.27	$0.95 - $1.05	$1.22 - $1.34

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Omnicell, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share data)

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Revenues:			
Product	$ 98,930	$ 125,753	$ 127,895
Services and other revenues	51,624	46,221	43,109
Total revenues	150,554	171,974	171,004
Cost of revenues:			
Cost of product revenues	63,588	78,024	71,918
Cost of services and other revenues	22,774	19,621	19,141
Total cost of revenues	86,362	97,645	91,059
Gross profit	64,192	74,329	79,945
Operating expenses:			
Research and development	16,803	14,902	13,838
Selling, general and administrative	64,625	59,608	64,255
Total operating expenses	81,428	74,510	78,093
Income (loss) from operations	(17,236)	(181)	1,852
Interest and other income (expense), net	(2,456)	(1,656)	(2,171)
Loss before provision for income taxes	(19,692)	(1,837)	(319)
Provision (benefit) for income taxes	(8,938)	(1,994)	59
Net income (loss)	$ (10,754)	$ 157	$ (378)
Net income (loss) per share:			
Basic	$ (0.29)	$ —	$ (0.01)
Diluted	$ (0.29)	$ —	$ (0.01)
Weighted average shares outstanding:			
Basic	36,840	36,553	35,740
Diluted	36,840	37,256	35,740

Omnicell, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, in thousands)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46,348	$ 54,488
Accounts receivable, net	131,433	150,303
Inventories	76,230	69,297
Prepaid expenses	27,775	28,646
Other current assets	12,593	12,674
Total current assets	294,379	315,408
Property and equipment, net	40,996	42,011
Long-term investment in sales-type leases, net	19,174	20,585
Goodwill	328,216	327,724
Intangible assets, net	184,127	190,283
Long-term deferred tax assets	5,624	4,041
Other long-term assets	37,247	35,051
Total assets	$ 909,763	$ 935,103
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 38,466	$ 27,069
Accrued compensation	28,677	26,722
Accrued liabilities	31,406	31,195
Long-term debt, current portion, net	8,410	8,410
Deferred revenue, net	90,521	87,516
Total current liabilities	197,480	180,912
Long-term, deferred revenue	15,994	17,051
Long-term deferred tax liabilities	42,502	51,592
Other long-term liabilities	8,716	8,210
Long-term debt, net	206,128	245,731
Total liabilities	470,820	503,496
Total stockholders' equity	438,943	431,607
Total liabilities and stockholders' equity	$ 909,763	$ 935,103

Omnicell, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Three months ended March 31,	
	2017	**2016**
Operating Activities		
Net loss	$ (10,754)	$ (378)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,448	14,473
(Gain) loss on disposal of fixed assets	—	13
Share-based compensation expense	5,511	3,891
Income tax benefits from employee stock plans	11	164
Deferred income taxes	(9,091)	(1,042)
Amortization of debt financing fees	397	397
Changes in operating assets and liabilities:		
Accounts receivable	18,870	(1,070)
Inventories	(6,933)	(5,113)
Prepaid expenses	871	1,983
Other current assets	372	324
Investment in sales-type leases	1,120	(8,928)
Other long-term assets	(38)	1,232
Accounts payable	11,104	1,568
Accrued compensation	1,955	4,114
Accrued liabilities	(115)	417
Deferred revenue	1,948	12,663
Other long-term liabilities	506	(2,701)
Net cash provided by operating activities	28,182	22,007
Investing Activities		
Purchases of intangible assets, intellectual property and patents	(160)	(1,074)
Software development for external use	(4,225)	(3,070)
Purchases of property and equipment	(2,452)	(4,261)
Business acquisition, net of cash acquired	—	(271,458)
Net cash used in investing activities	(6,837)	(279,863)
Financing Activities		
Proceeds from debt, net	—	247,059
Repayment of debt and revolving credit facility	(40,000)	(20,000)
Payment for contingent consideration	—	(3,000)
Proceeds from issuances under stock-based compensation plans	10,916	5,149
Employees' taxes paid related to restricted stock units	(1,052)	(382)
Net cash provided by (used in) financing activities	(30,136)	228,826
Effect of exchange rate changes on cash and cash equivalents	651	300
Net decrease in cash and cash equivalents	(8,140)	(28,730)
Cash and cash equivalents at beginning of period	54,488	82,217
Cash and cash equivalents at end of period	$ 46,348	$ 53,487

Omnicell, Inc.

Reconciliation of GAAP to Non-GAAP

(Unaudited, in thousands, except per share data and percentage)

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Reconciliation of GAAP revenue to non-GAAP revenue:			
GAAP revenue	$ 150,554	$ 171,974	$ 171,004
Acquisition accounting impact related to deferred revenue	313	2,663	2,663
Non-GAAP revenue	$ 150,867	$ 174,637	$ 173,667
Reconciliation of GAAP gross profit to non-GAAP gross profit:			
GAAP gross profit	$ 64,192	$ 74,329	$ 79,945
GAAP gross margin	*42.6%*	*43.2%*	*46.8%*
Share-based compensation expense	982	776	549
Amortization of acquired intangibles	2,837	5,266	5,211
Acquisition accounting impact related to deferred revenue	313	2,663	2,663
Inventory fair value adjustments	—	921	921
Acquisitions related expenses	—	5	—
Severance and other expenses*	1,697	—	—
Non-GAAP gross profit	$ 70,021	$ 83,960	$ 89,289
Non-GAAP gross margin	*46.4%*	*48.1%*	*51.4%*
Reconciliation of GAAP operating expenses to non-GAAP operating expenses:			
GAAP operating expenses	$ 81,428	$ 74,510	$ 78,093
GAAP operating expenses % to total revenue	*54.1%*	*43.3%*	*45.7%*
Share-based compensation expense	(4,529)	(4,663)	(3,342)
Amortization of acquired intangibles	(3,653)	(3,752)	(3,948)
Acquisitions related expenses	(126)	(829)	(2,349)
Severance and other expenses*	(2,332)	—	—
Non-GAAP operating expenses	$ 70,788	$ 65,266	$ 68,454
Non-GAAP operating expenses % to total revenue	*46.9%*	*37.4%*	*39.4%*

* Other expenses include relocation charge of $220 and depreciation adjustment related to purchase price allocation from acquisition of $264.

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Reconciliation of GAAP income (loss) from operations to non-GAAP income from operations:			
GAAP income (loss) from operations	$ (17,236)	$ (181)	$ 1,852
GAAP operating income (loss) % to total revenue	*(11.4)%*	*(0.1)%*	*1.1%*
Share-based compensation expense	5,511	5,438	3,891
Amortization of acquired intangibles	6,490	9,017	9,159
Acquisition accounting impact related to deferred revenue	313	2,663	2,663
Inventory fair value adjustments	—	921	921
Acquisitions related expenses	126	834	2,349
Severance and other expenses	4,029	—	—
Non-GAAP income (loss) from operations	$ (767)	$ 18,692	$ 20,835
Non-GAAP operating income % to total Non-GAAP revenue	*(0.5)%*	*10.7%*	*12.0%*
Reconciliation of GAAP net income (loss) to non-GAAP net income:			
GAAP net income (loss)	$ (10,754)	$ 157	$ (378)
Share-based compensation expense	5,511	5,438	3,891
Amortization of acquired intangibles	6,490	9,017	9,159
Acquisition accounting impact related to deferred revenue	313	2,663	2,663
Inventory fair value adjustments	—	921	921
Acquisitions related expenses	523	632	2,349
Severance and other expenses	4,029	—	—
Tax effect of the adjustments above[(a)]	(4,019)	(5,031)	(5,735)
Non-GAAP net income	$ 2,093	$ 13,797	$ 12,870
Reconciliation of GAAP net income (loss) per share - diluted to non-GAAP net income per share - diluted:			
Shares - diluted GAAP	36,840	37,256	35,740
Shares - diluted Non-GAAP	37,782	37,256	36,307
GAAP net income (loss) per share - diluted	$ (0.29)	$ —	$ (0.01)
Share-based compensation expense	0.15	0.15	0.11
Amortization of acquired intangibles	0.17	0.24	0.25
Acquisition accounting impact related to deferred revenue	0.01	0.07	0.07
Inventory fair value adjustments	—	0.02	0.03
Acquisitions related expenses	0.01	0.02	0.06
Severance and other expenses	0.11	—	—
Tax effect of the adjustments above[(a)]	(0.10)	(0.13)	(0.16)
Non-GAAP net income per share - diluted	$ 0.06	$ 0.37	$ 0.35
Reconciliation of GAAP net income (loss) to non-GAAP Adjusted EBITDA[(b)]:			
GAAP net income (loss)	$ (10,754)	$ 157	$ (378)
Share-based compensation expense	5,511	5,438	3,891
Interest (income) and expense, net	1,432	998	1,747
Depreciation and amortization expense	12,448	14,457	14,473
Acquisition accounting impact related to deferred revenue	313	2,663	2,663
Inventory fair value adjustments	—	921	921
Acquisitions related expenses	523	632	2,349
Severance expense	3,765	—	—
Income tax expense	(8,938)	(1,994)	59
Non-GAAP Adjusted EBITDA	$ 4,300	$ 23,272	$ 25,725

(a) Tax effects calculated for all adjustments except share-based compensation expense, using an estimated annual effective tax rate of 35% for fiscal year 2017 and 38% for fiscal year 2016.

(b) Defined as earnings before interest income and expense, taxes, depreciation and amortization, as well as excluding certain non-GAAP adjustments.

Omnicell, Inc.
Segmented Information
(Unaudited, in thousands, except for percentages)

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics	Medication Adherence	Total
Revenues	$ 124,171	$ 26,383	$ 150,554	$ 148,945	$ 22,059	$ 171,004
Cost of revenues	68,761	17,601	86,362	77,207	13,852	91,059
Gross profit	55,410	8,782	64,192	71,738	8,207	79,945
Gross margin %	*44.6%*	*33.3%*	*42.6%*	*48.2%*	*37.2%*	*46.8%*
Operating expenses	50,747	11,196	61,943	52,205	5,611	57,816
Income (loss) from segment operations	$ 4,663	$ (2,414)	$ 2,249	$ 19,533	$ 2,596	$ 22,129
Operating margin %	*3.8%*	*(9.1)%*	*1.5%*	*13.1%*	*11.8%*	*12.9%*
Corporate costs			19,485			20,277
Income (loss) from operations			$ (17,236)			$ 1,852

Omnicell, Inc.
Segment Information - Non-GAAP Gross Profit and Non-GAAP Operating Margin
(Unaudited, in thousands, except for percentages)

	Three Months Ended March 31, 2017								
	Automation and Analytics			Medication Adherence			Total		
	Amount	% of GAAP Revenue	% of Non-GAAP Revenue	Amount	% of GAAP Revenue	% of Non-GAAP Revenue	Amount	% of GAAP Revenue	% of Non-GAAP Revenue
Revenues	$ 124,171			$ 26,383			$ 150,554		
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.2%*	*1.2%*	313	*0.2%*	*0.2%*
Non-GAAP Revenues	$ 124,171			$ 26,696			$ 150,867		
GAAP Gross profit	$ 55,410	*44.6%*	*44.6%*	$ 8,782	*33.3%*	*32.9%*	$ 64,192	*42.6%*	*42.5%*
Share-based compensation expense	863	*0.7%*	*0.7%*	119	*0.5%*	*0.4%*	982	*0.7%*	*0.7%*
Amortization expense of acquired intangible assets	2,187	*1.8%*	*1.8%*	650	*2.5%*	*2.4%*	2,837	*1.9%*	*1.9%*
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.2%*	*1.2%*	313	*0.2%*	*0.2%*
Severance and other expenses	1,266	*1.0%*	*1.0%*	431	*1.6%*	*1.6%*	1,697	*1.1%*	*1.1%*
Non-GAAP Gross profit	$ 59,726	*48.1%*	*48.1%*	$ 10,295	*39.0%*	*38.6%*	$ 70,021	*46.5%*	*46.4%*
GAAP Operating income	$ 4,663	*3.8%*	*3.8%*	$ (2,414)	*(9.1)%*	*(9.0)%*	$ 2,249	*1.5%*	*1.5%*
Share-based compensation expense	2,500	*2.0%*	*2.0%*	366	*1.4%*	*1.4%*	2,866	*1.9%*	*1.9%*
Amortization expense of acquired intangible assets	4,506	*3.6%*	*3.6%*	1,984	*7.5%*	*7.4%*	6,490	*4.3%*	*4.3%*
Acquisition accounting impact related to deferred revenue	—	*—%*	*—%*	313	*1.2%*	*1.2%*	313	*0.2%*	*0.2%*
Acquisitions related expenses	18	*—%*	*—%*	—	*—%*	*—%*	18	*—%*	*—%*
Severance and other expenses	2,752	*2.2%*	*2.2%*	596	*2.3%*	*2.2%*	3,348	*2.2%*	*2.2%*
Non-GAAP Operating income	$ 14,439	11.6%	11.6%	$ 845	3.2%	3.2%	$ 15,284	10.2%	10.1%
GAAP Corporate costs							$ 19,485	*12.9%*	*12.9%*
Share-based compensation expense							(2,645)	*(1.8)%*	*(1.8)%*
Acquisition-related expenses							(108)	*(0.1)%*	*(0.1)%*
Severance and other expenses							(681)	*(0.5)%*	*(0.5)%*
Non-GAAP Corporate costs							$ 16,051	*10.7%*	*10.6%*
Non-GAAP Loss from operations							$ (767)	*(0.5)%*	*(0.5)%*

Omnicell, Inc.
Segment Information - Non-GAAP Gross Profit and Non-GAAP Operating Margin
(Unaudited, in thousands, except for percentages)

	Three Months Ended March 31, 2016								
	Automation and Analytics			Medication Adherence			Total		
	Amount	% of GAAP Revenue	% of Non-GAAP Revenue	Amount	% of GAAP Revenue	% of Non-GAAP Revenue	Amount	% of GAAP Revenue	% of Non-GAAP Revenue
Revenues	$ 148,945			$ 22,059			$ 171,004		
Acquisition accounting impact related to deferred revenue	2,663	1.8%	1.8%	—	—%	—%	2,663	1.6 %	1.5 %
Non-GAAP Revenues	$ 151,608			$ 22,059			173,667		
GAAP Gross profit	$ 71,738	48.2%	47.3%	$ 8,207	37.2%	37.2%	$ 79,945	46.8 %	46.0 %
Stock-based compensation expense	460	0.3%	0.3%	89	0.4%	0.4%	549	0.3 %	0.3 %
Amortization expense of acquired intangible assets	4,879	3.3%	3.2%	332	1.5%	1.5%	5,211	3.0 %	3.0 %
Acquisition accounting impact related to deferred revenue	2,663	1.8%	1.8%	—	—%	—%	2,663	1.6 %	1.5 %
Inventory fair value adjustments	921	0.6%	0.6%	—	—%	—%	921	0.5 %	0.5 %
Non-GAAP Gross profit	$ 80,661	54.2%	53.2%	$ 8,628	39.1%	39.1%	$ 89,289	52.2 %	51.4 %
GAAP Operating income	$ 19,533	13.1%	12.9%	$ 2,596	11.8%	11.8%	$ 22,129	12.9 %	12.7 %
Stock-based compensation expense	1,623	1.1%	1.1%	201	0.9%	0.9%	1,824	1.1 %	1.1 %
Amortization expense of acquired intangible assets	7,829	5.3%	5.2%	1,330	6.0%	6.0%	9,159	5.4 %	5.3 %
Acquisition accounting impact related to deferred revenue	2,663	1.8%	1.8%	—	—%	—%	2,663	1.6 %	1.5 %
Inventory fair value adjustments	921	0.6%	0.6%	—	—%	—%	921	0.5 %	0.5 %
Acquisitions related expenses	1,757	1.2%	1.2%	—	—%	—%	1,757	1.0 %	1.0 %
Non-GAAP Operating income	$ 34,326	23.0%	22.6%	$ 4,127	18.7%	18.7%	$ 38,453	22.5 %	22.1 %
GAAP Corporate costs							$ 20,277	11.9 %	11.7 %
Stock-based compensation expense							(2,067)	(1.2)%	(1.2)%
Acquisition related expenses							(592)	(0.3)%	(0.3)%
Non-GAAP Corporate costs							$ 17,618	10.3 %	10.1 %
Non-GAAP Income from operations							$ 20,835	12.2 %	12.0 %